

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)
)
Business Meeting)
)
_____)

CALIFORNIA ENERGY COMMISSION
HEARING ROOM A
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, MAY 28, 2003

10:06 A.M.

Reported by:
Peter Petty
Contract No. 150-01-006

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

William J. Keese, Chairman

Robert Pernell

Arthur H. Rosenfeld

James D. Boyd

John L. Geesman

STAFF PRESENT

Robert Therkelsen, Executive Director

William Chamberlain, Chief Counsel

Betty McCann, Secretariat

Donna Stone

Darcie Houck

Sandra Fromm

David Chambers

Eric Stubee

Gary Klein

PUBLIC ADVISER

Roberta Mendonca

ALSO PRESENT

Jeff Harris, Attorney
Ellison, Schneider and Harris
on behalf of Calpine Corporation

Mark Smolley, Linears Manager
Metcalf Energy Center
Calpine Corporation

Thomas D. O'Connor, Manager
Gas Technology Institute

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P R O C E E D I N G S

10:06 a.m.

CHAIRMAN KEESE: I call this business meeting of the Energy Commission to order. Commissioner Rosenfeld, would you like to lead us in the pledge.

(Whereupon the Pledge of Allegiance was recited in unison.)

CHAIRMAN KEESE: Good morning, everyone. Looks like a reasonably short agenda. Particularly since items 10 and 11 are off the calendar. And item 12 has been moved to the June 11th business meeting.

Consent calendar, do I have a motion?

COMMISSIONER ROSENFELD: I move the consent calendar.

CHAIRMAN KEESE: Motion, Rosenfeld.

COMMISSIONER BOYD: Second.

CHAIRMAN KEESE: Second, everybody. Second, Mr. Boyd.

All in favor?

(Ayes.)

CHAIRMAN KEESE: Opposed? Adopted five to nothing.

Item 2, Gilroy City LM6000 Project.

1 Possible approval of a petition to construct and
2 operate a zero liquid discharge waste treatment
3 system to process wastewater. Good morning.

4 MS. STONE: Good morning. I'm Donna
5 Stone and I'm the Compliance Project Manager for
6 the Gilroy City LM6000 project. This item
7 concerns Calpine's proposal to construct and
8 operate a zero liquid discharge wastewater system.

9 To provide a little background, the
10 Gilroy City LM6000 project is a 135 megawatt
11 emergency peaker that was certified in May of
12 2000, located in Santa Clara County.

13 The original decision in soil and water-
14 5 had required that the owners obtain an agreement
15 with the appropriate agency for wastewater
16 discharge. The original disposal method was going
17 to be discharged into the City of Gilroy's sewer
18 that connected to the South County Regional
19 Wastewater Authority.

20 The agreement was put together about six
21 months after the decision came out and provided
22 for only two years of discharge into their
23 wastewater facilities.

24 So Calpine is before us now to build a
25 zero liquid discharge system to take care of that

1 wastewater.

2 The modification will decrease the
3 amount of fresh water usage. It will also
4 eliminate the discharge of about 70 gallons per
5 minute of processed wastewater to the City of
6 Gilroy sewer system.

7 Rainfall occurring within the berm areas
8 will be sent to the ZLD system for processing and
9 use.

10 This has gone out for public review.
11 There's been no interest on this, no comments
12 received from the public. Staff has analyzed
13 their application and recommends approval of this.
14 There will be no unmitigated environmental impacts
15 associated with the adoption of the amended
16 conditions. There are five amended conditions
17 here and there are the addition of four new
18 conditions.

19 Staff is recommending approval of this
20 item.

21 CHAIRMAN KEESE: Thank you.

22 MS. STONE: Are there any questions;
23 we'd be happy to answer any questions at this
24 time.

25 CHAIRMAN KEESE: Commissioner Pernell.

1 COMMISSIONER PERNELL: My question is
2 has applicant agreed to all the conditions?

3 MS. STONE: Yes, they have.

4 COMMISSIONER PERNELL: Thank you.

5 MS. STONE: You're welcome.

6 COMMISSIONER GEESMAN: Mr. Chairman, I'd
7 move the staff recommendation.

8 CHAIRMAN KEESE: Motion.

9 COMMISSIONER PERNELL: Second.

10 CHAIRMAN KEESE: Second, Commissioner
11 Pernell.

12 Any public comment?

13 All in favor?

14 (Ayes.)

15 CHAIRMAN KEESE: Opposed? Thank you.

16 Item 3, order instituting rulemaking.
17 Consideration of order instituting rulemaking for
18 determination of eligibility for customer
19 responsibility surcharge exemptions. This
20 rulemaking is in coordination with the CPUC D.03-
21 04-030 and the Commission's authority to collect
22 data pursuant to, and those should read 25210,
23 25213, 25218(e) et cetera.

24 MS. HOUCK: Good morning, Commissioners,
25 thank you. We're requesting that an order

1 instituting the rulemaking to make the
2 determinations as to the eligibility for customer
3 responsibility surcharges be issued. This is in
4 conjunction with the CPUC regarding cost
5 obligations related to the energy crisis for
6 departing load customers.

7 I would also like to indicate that on
8 the attachment there is a draft order here. The
9 docket number reads 03-XX-X; I believe the docket
10 has been opened and the number would be 03-CRS-03.

11 There is also, I believe, a notice
12 circulating among the Commissioners for an
13 informal workshop on June 6th if this is approved
14 today. We will be brainstorming with stakeholders
15 as to how to proceed in the process.

16 Thank you.

17 CHAIRMAN KEESE: Thank you. Essentially
18 this is something that we would like to expedite
19 as rapidly as possible. And recognizing that the
20 process is not as expeditious as parties might
21 like, what is going to be the form to decide what
22 we do in the interim while this OIR goes forward?

23 MS. HOUCK: That's one of the items we'd
24 like to discuss with the stakeholders and the
25 utilities at the June 6th workshop, is what

1 process could be worked out in the interim.

2 One suggestion has been to work with the
3 CPUC to have it addressed during the tariffs to
4 implement the surcharges. And then possibly there
5 could be a deferral of collection of those charges
6 until determinations are made and this process is
7 in place.

8 CHAIRMAN KEESE: Thank you. Any other
9 questions?

10 COMMISSIONER GEESMAN: I'd move the
11 recommendation.

12 CHAIRMAN KEESE: Motion, Commissioner
13 Geesman.

14 COMMISSIONER ROSENFELD: Second.

15 CHAIRMAN KEESE: Second, Commissioner
16 Rosenfeld.

17 All in favor?

18 (Ayes.)

19 CHAIRMAN KEESE: Opposed? Adopted five
20 to nothing. Thank you.

21 Item 4, Praxair Grant Agreement.
22 Possible approval of a proposed grant agreement
23 with the U.S. Department of Energy's sub-grant
24 recipient -- clarify, this is not PIER-funded.
25 This is a pass-through of federal funds on the

1 Praxair grant request.

2 MS. FROMM: Good morning. I'm Sandra
3 Fromm with the transportation division. The item
4 before you is a two-year grant agreement with
5 Praxair to construct and operate a hydrogen
6 fueling facility at the Los Angeles International
7 Airport.

8 Praxair is the Department of Energy's
9 sub-grant recipient for the 2002 state energy
10 program. Funds for this project are passed
11 through; they're not PIER funds. The Energy
12 Commission will administer the grant.

13 The transportation committee recommended
14 approval of this item in October 2002. Staff
15 requests that the Commission approve the Energy
16 Commission to enter into a grant agreement with
17 Praxair.

18 CHAIRMAN KEESE: Thank you.

19 COMMISSIONER BOYD: Move the item.

20 CHAIRMAN KEESE: Motion, Commissioner
21 Boyd.

22 COMMISSIONER ROSENFELD: Second.

23 CHAIRMAN KEESE: Second, Commissioner
24 Rosenfeld. Any further comment? Any public
25 comment?

1 All in favor?

2 (Ayes.)

3 CHAIRMAN KEESE: Opposed? Adopted five
4 to nothing.

5 Item 5, Pacific Gas and Electric
6 Company. Possible approval of contract 700-99-
7 002, amendment 2, for \$100,000 for a cost and
8 scope amendment to the electric system safety and
9 reliability project on earthquake hazards. Good
10 morning.

11 MR. CHAMBERS: Good morning, Mr.
12 Chairman; good morning, Commissioners. My name is
13 David Chambers; I'm an associate electrical
14 engineer with the PIER program. And I bring
15 forward to you a request to approve the possible
16 approval of a cost and scope amendment with
17 Pacific Gas and Electric Company; PIER contract
18 700-99-002, electric system safety and reliability
19 project.

20 The amendment would add \$100,000, and
21 would add a new task for the Pacific Gas and
22 Electric technical management. And we ask for
23 your approval.

24 CHAIRMAN KEESE: How long has this
25 contract been running?

1 MR. CHAMBERS: This contract has been
2 running since January -- February of 2002.

3 CHAIRMAN KEESE: It's a rather minor
4 addition to a very major contract, is that --

5 MR. CHAMBERS: Yes, sir.

6 CHAIRMAN KEESE: Thank you.

7 COMMISSIONER PERNELL: Move staff
8 recommendation.

9 CHAIRMAN KEESE: Moved, Commissioner
10 Pernell.

11 COMMISSIONER ROSENFELD: Second.

12 CHAIRMAN KEESE: Second, Commissioner
13 Rosenfeld. Any further comment? Public comment?

14 All in favor?

15 (Ayes.)

16 CHAIRMAN KEESE: Opposed? Adopted five
17 to nothing. Thank you.

18 Item 6, Geopraxis, Inc. Possible
19 approval of contract 500-02-027 for \$270,445 to
20 provide architects and engineers tools for
21 analyzing projected energy use during the building
22 design process.

23 MR. STUBEE: Good morning,
24 Commissioners. My name is Eric Stubee. I work in
25 the PIER buildings group, and I'm presenting this

1 item for Martha Brook.

2 We're seeking approval of a contract
3 with Geopraxis to develop a tool for allowing
4 architects to analyze the energy impacts of their
5 designs early in the design process.

6 The proposed technology allows computer-
7 aided design software to directly export building
8 information into energy analysis tools. This
9 allows architects to take advantage of cost
10 effective opportunities to save energy, for
11 example changing the amount of glazing or
12 reorienting the building, that are only available
13 early in the design process.

14 PG&E savings by design program, which is
15 a public goods program aimed at improving the
16 building designs, and several leading CAD software
17 suppliers are partnering with us on this project.

18 The R&D committee approved this item on
19 May 1st. Do you have any questions?

20 CHAIRMAN KEESE: Any questions?

21 COMMISSIONER ROSENFELD: I move the --

22 CHAIRMAN KEESE: Motion, Commissioner
23 Rosenfeld.

24 COMMISSIONER GEESMAN: Second.

25 CHAIRMAN KEESE: Second, Commissioner

1 Geesman.

2 All in favor?

3 (Ayes.)

4 CHAIRMAN KEESE: Opposed? Adopted five
5 to nothing. Thank you.

6 Item 7, Gas Technology Institute.
7 Possible approval of contract 500-02-029 for
8 \$1,015,000 for the 2003 and 2004 membership in
9 national collaborative research projects on behalf
10 of the PIER program.

11 Mr. Klein, we have a set of six of which
12 the last three have been put over --

13 MR. KLEIN: The last two, I hope.

14 CHAIRMAN KEESE: 10, 11 and -- well,
15 number 12, also. Thank you.

16 Let's take them one-by-one, but explain
17 what we have under this one.

18 MR. KLEIN: Yes, sir. As you're aware,
19 we have had several years worth of collaborative
20 research that we participate in nationally with
21 the Gas Technology Institute. We also have a
22 similar agreement that I'll discuss in a minute
23 with the Electric Power Research Institute.

24 This particular project is to provide
25 for the 2003 and 2004 collaborative research

1 years. We're proposing to participate in seven
2 projects with GTI for a total of just over \$1
3 million, 1,015,000.

4 The projects are national in scope.
5 They provide information that will be useful to
6 people in California. And we also gather data
7 that we use for planning other parts of the PIER
8 program.

9 CHAIRMAN KEESE: Thank you.

10 MR. KLEIN: Oh, and yes, this was
11 approved by the R&D committee in April.

12 CHAIRMAN KEESE: Thank you.

13 COMMISSIONER ROSENFELD: So I guess I
14 should move item 7.

15 (Laughter.)

16 CHAIRMAN KEESE: Motion, Commissioner
17 Rosenfeld.

18 COMMISSIONER GEESMAN: Second.

19 CHAIRMAN KEESE: Second, Commissioner
20 Geesman. Any other comment? Any public comment?
21 Mr. O'Connor.

22 MR. O'CONNOR: Good morning, Mr.
23 Chairman; good morning, Members of the Commission.
24 My name is Tom O'Connor. I'm here on behalf of
25 the Gas Technology Institute. Just want to take a

1 few seconds to express our appreciation for the
2 opportunity to work with the PIER program and its
3 staff.

4 We are very thankful we have established
5 an effective working relationship with the
6 manager, with Gary Klein, with the technology
7 project folks. We couldn't ask for a better group
8 of people to work with.

9 We look forward to continuing that
10 relationship. So we appreciate your consideration
11 of this offering. Thank you.

12 CHAIRMAN KEESE: Thank you. We have a
13 motion and a second.

14 All in favor?

15 (Ayes.)

16 CHAIRMAN KEESE: Opposed? Adopted five
17 to nothing. Thank you.

18 Item 8, Electric Power Research
19 Institute. Possible approval of contract 500-02-
20 028 for \$1,513,600 for the 2003/2004 membership in
21 national collaborative research projects.

22 MR. KLEIN: Thank you. This project is
23 with the Electric Power Research Institute. It is
24 just like we discussed for GTI for the 2003 and
25 2004 research years. We're proposing to

1 participate in 15 separate research targets.

2 This agreement gets paired with the next
3 contract to allow us to tailor various pieces of
4 research that are not necessarily national in
5 scope, which this agreement is, so that we can get
6 much more specific to California work. EPRI
7 operates somewhat differently than GTI does, and
8 this is how we have to sort out this relationship.

9 So this is for 15 national
10 collaborations providing information to help with
11 the PIER program.

12 CHAIRMAN KEESE: Thank you. And it was
13 referred to the PIER committee and approved?

14 MR. KLEIN: It was, and was approved in
15 April.

16 CHAIRMAN KEESE: Thank you.

17 COMMISSIONER ROSENFELD: So the
18 Committee moves --

19 CHAIRMAN KEESE: Motion, Commissioner
20 Rosenfeld.

21 COMMISSIONER GEESMAN: Second.

22 CHAIRMAN KEESE: Second, Commissioner
23 Geesman.

24 COMMISSIONER PERNELL: On the question,
25 Mr. Chairman.

1 CHAIRMAN KEESE: Commissioner Pernell.

2 COMMISSIONER PERNELL: Mr. Klein, in
3 order to get the approval of number 9, we have to
4 approve number 8, is that what you're saying?

5 MR. KLEIN: That is correct. Because
6 there's basically number 9 depends upon 25 cents
7 out of every dollar of this project out of this
8 research to go into a collaborative pool that is
9 managed by EPRI.

10 And the way we get money back out of
11 this pool is to put a dollar for every dollar we
12 want back out. And so this contract is for just
13 call it roughly 1.6 million; the other contract is
14 for just under 400,000. The 25 percent
15 relationship is very specifically picked to get
16 all of the dollars back out of this agreement in
17 collaborative tailored research for California
18 purposes.

19 COMMISSIONER PERNELL: Right, and I
20 think that's what number 9 does, which is the
21 Electricity Innovation Institute. But I'm having
22 some problem with 1.5 million for a national
23 membership that we have no seat on the board,
24 really no control over what happens there.

25 MR. KLEIN: That's not strictly true.

1 But I --

2 COMMISSIONER PERNELL: Do we have a seat
3 on the board?

4 MR. KLEIN: We have a seat -- we're not
5 buying one lump of research. We're buying 15
6 separate pieces. And on each piece we have direct
7 responsibilities and the ability to help make the
8 research go where we want it to go, so that
9 California's interests are properly represented in
10 the national level work.

11 COMMISSIONER PERNELL: Right, but we're
12 getting that with E2I, which is number 9, correct?

13 MR. KLEIN: Differently.

14 COMMISSIONER PERNELL: We're getting the
15 same thing two different ways?

16 MR. KLEIN: No. What we get in this
17 agreement is -- let me think how to describe this
18 clearly --

19 CHAIRMAN KEESE: Mr. Klein, why don't we
20 do this. Why don't we just put this one on hold
21 for a moment and take up item 9, and you can
22 explain that to us. And then perhaps that will --
23 either that way or you're going to be answering
24 the questions twice, I think.

25 Item 9, Electricity Innovation Institute

1 (E2I). Possible approval of contract 500-01-025,
2 amendment 1, to add \$378,400 and add a year to
3 conduct tailored collaborative research
4 development and demonstration projects.

5 Do you want to explain this one and
6 what's different than 8?

7 MR. KLEIN: Yes. One of the benefits of
8 membership in EPRI, which is the last contract
9 we're talking about, is that EPRI sets aside 25
10 percent of all research funds for a tailored
11 collaborative pool to be used for additional
12 research that is specific, in our case, to
13 California's needs. If I was a utility it would
14 be specific to the utility's needs. That's how
15 their membership agreement works.

16 In order to access these funds members
17 must contribute an additional dollar for every
18 dollar they want access from that pool. And EPRI
19 has agreed to allow PIER to access those funds
20 through an agreement, this one with E2I, which is
21 a sister company to EPRI.

22 So we're going to get, in this package
23 of dollars, which is, can we call it roughly \$2
24 million for the moment. We're going to get
25 \$800,000 of tailored work for California, and

1 about, well, the difference, \$1.2 million for
2 national work which we use for help planning the
3 program.

4 So we're getting a huge chunk of effort
5 that's really focused on California's needs and
6 California-specific issues. And those decisions
7 on what we pick are approved by the R&D committee.
8 We don't go willy-nilly. E2I and EPRI do not have
9 control over the dollars. We get to pick where
10 the money goes to make sure it meets California's
11 needs.

12 And so we're very directive on
13 approximately just about 40 percent of the total
14 dollars between these two contracts. So we're
15 taking \$400,000 of new money here in this
16 agreement, and we're adding it to \$400,000 that
17 comes out of item number 8. And that gives us
18 \$800,000 of research tailored to California need.

19 COMMISSIONER PERNELL: Right, and if --
20 I don't want to be argumentative here, and I'm in
21 favor of E2I, but it sounds to me like we're
22 getting \$800,000 worth of direct research and
23 we're paying \$2 million for it.

24 And I guess that's where my numbers are
25 a little off. But I don't want to take up a lot

1 of time with this, but I do --

2 CHAIRMAN KEESE: Mr. Klein, let me try.

3 Did I hear you say that --

4 COMMISSIONER PERNELL: Let me just make
5 this point, Mr. Chairman. I have questioned the
6 benefit of being a member of EPRI, you know, for
7 the last couple years, because I just don't see
8 the benefit of putting that type of money into a
9 collaborative, national collaborative, that is run
10 by the utilities. That is my basic point.

11 I think that E2I is more tailored to
12 California's needs. So if I got to approve both
13 of these to get to E2I, I don't mind doing that,
14 but I would certainly want to see some type of
15 report of the benefit of being a member of a
16 national collaborative that is run by the
17 utilities that we don't have a seat on the board.
18 That is my issue.

19 CHAIRMAN KEESE: Mr. Klein, did you
20 indicate that our membership in EPRI is project-
21 specific?

22 MR. KLEIN: That is correct.

23 CHAIRMAN KEESE: So we are -- was it 12
24 or 15?

25 MR. KLEIN: We have 15 this time.

1 CHAIRMAN KEESE: So under the EPRI
2 contract we have chosen 15 EPRI projects to
3 participate in?

4 MR. KLEIN: That's correct; it's down
5 from about 30 for the last two years.

6 CHAIRMAN KEESE: Okay, so we've chosen
7 15. And then under the E2I we're taking the
8 800,000 and applying it to our own California-
9 specific projects.

10 MR. KLEIN: That is correct.

11 CHAIRMAN KEESE: Two sets of projects.

12 MR. KLEIN: That's correct.

13 CHAIRMAN KEESE: Thank you. I think I
14 now understand what we're talking about, for the
15 first time in this area.

16 Commissioner Pernell raises a very good
17 issue which has been before this Commission about
18 three times, I believe, in the last five years.
19 And it probably is a worthwhile point to raise
20 again. And that is, as a major participant in
21 EPRI, whether we should seek some kind of
22 position.

23 I believe we have a position on their
24 advisory board.

25 MR. KLEIN: That is correct.

1 CHAIRMAN KEESE: We don't have a
2 position on their management board. In earlier
3 decisions the Commission decided, under a
4 different funding mechanism with EPRI, that we
5 would have a conflict if we had a board position
6 and funded it.

7 I believe those circumstances have
8 changed. So, I think Commissioner Pernell's
9 raising the issue probably should go to internal
10 discussions with our general counsel, and perhaps
11 the budget and management committee. And then
12 make a recommendation of whether we should seek
13 such a post. I think that would be very
14 appropriate.

15 Would that be --

16 COMMISSIONER PERNELL: I'm fine with
17 that, Mr. Chairman.

18 CHAIRMAN KEESE: Okay.

19 COMMISSIONER ROSENFELD: I should point
20 out, Mr. Chairman, we don't normally ask for board
21 positions on any of our fundees. For example, we
22 just looked at Gas Technology Institute, and that
23 question didn't come up.

24 But certainly the R&D committee should
25 take this up --

1 CHAIRMAN KEESE: Sure, that would be
2 fine.

3 COMMISSIONER ROSENFELD: -- and we have
4 a lawyer who can express some opinions, perhaps.

5 CHAIRMAN KEESE: Okay.

6 COMMISSIONER GEESMAN: I guess I'd like
7 to express some concern. And I, being still
8 relatively new here, don't have the benefit of the
9 historical interest in a board position, but were
10 we to seek a board position I think it would
11 expand the duties that we were required to serve
12 to a point where we'd be expected to conduct
13 ourselves on that board in the best interests of
14 that particular organization.

15 And it's my understanding that our
16 funding commitment to EPRI has been declining
17 pretty sharply here over the last five years or
18 so. I would suggest, both from a -- well, I would
19 suggest from a practical standpoint that that may
20 not be a profile that would be consistent with
21 seeking a board position or holding a board
22 position.

23 But I look forward to taking this up in
24 committee.

25 CHAIRMAN KEESE: Okay, I gather that the

1 suggestion here is that we should get advice from
2 the PIER committee?

3 COMMISSIONER ROSENFELD: Yes.

4 CHAIRMAN KEESE: And that advice, I
5 think we should look at it in budget and
6 management, too, on the management aspect. And
7 get advice from our legal counsel.

8 So, Mr. Therkelsen, will you take
9 responsibility for seeing that we --

10 MR. THERKELSEN: Right, Commissioners.
11 We'll go ahead and put together a little white
12 paper on this basically explaining the
13 circumstances, looking at the pros and cons and
14 the implications of that.

15 But one of the points that I think that
16 Gary made that's important to recognize is the
17 money that we do provide to EPRI is directed.
18 It's directed to specific projects. And each of
19 those specific projects, while they're national in
20 scope, clearly have application to California.
21 It's something that we will benefit from. And we
22 actually get an added advantage of having national
23 participants on them to broaden, if you will, our
24 perspective.

25 On those 15 projects we do have input in

1 terms of what those projects do; how they're
2 managed; and what the outputs of them are. So I
3 do think that there are substantial benefits in
4 direct control on those projects.

5 It doesn't apply to the entire
6 organization. But we will go ahead and look at
7 that broader issue and bring a report back both to
8 the R&D committee and to the budget management
9 committee.

10 CHAIRMAN KEESE: Thank you. And if you
11 would reference our previous actions on this.

12 MR. THERKELSEN: Will do.

13 CHAIRMAN KEESE: And our discussions.

14 COMMISSIONER ROSENFELD: Mr.
15 Chairman, --

16 COMMISSIONER BOYD: Mr. Chairman, I had
17 a question --

18 CHAIRMAN KEESE: Commissioner Boyd.

19 COMMISSIONER BOYD: -- and Mr.
20 Therkelsen just answered my question. I had
21 inferred from all that I'd heard we were very
22 specific in directing money at 15 projects,
23 although national, had definite benefits to
24 California.

25 And further that, I guess, maybe this is

1 a question to Gary, that I heard him say that EPRI
2 provides a pool of funds. And in this contract
3 under item number 9 on a 50/50 match basis, select
4 projects are carried out.

5 Sounds like our sound system is going
6 crazy here.

7 MR. KLEIN: If that was a question the
8 answer is yes.

9 COMMISSIONER BOYD: Thank you.

10 COMMISSIONER ROSENFELD: Mr. Chairman,
11 procedurally can I move items 8 and 9?

12 CHAIRMAN KEESE: That would be fine with
13 me.

14 COMMISSIONER GEESMAN: Second on both of
15 them.

16 CHAIRMAN KEESE: We have a motion on
17 items 8 and 9 by Rosenfeld; second by Geesman.
18 Any further?

19 All in favor?

20 (Ayes.)

21 CHAIRMAN KEESE: Opposed? Adopted five
22 to nothing. Thank you.

23 MR. KLEIN: Thank you.

24 CHAIRMAN KEESE: We discussed items 10
25 and 11 are over to a future date. And item 12 is

1 over till June 11th.

2 We have the minutes from the special May
3 20, 2003 meeting.

4 COMMISSIONER BOYD: Move the minutes.

5 COMMISSIONER ROSENFELD: Second.

6 CHAIRMAN KEESE: Motion, Commissioner
7 Boyd; second, Commissioner Rosenfeld.

8 All in favor?

9 (Ayes.)

10 CHAIRMAN KEESE: Opposed? Adopted five
11 to nothing.

12 Commission Committee and oversight.

13 COMMISSIONER BOYD: Mr. Chairman.

14 CHAIRMAN KEESE: Commissioner Boyd.

15 COMMISSIONER BOYD: Yesterday, I just
16 want to point out that yesterday I will assume in
17 my capacity as a member of the electricity and
18 natural gas committee, I participated in what was,
19 in effect, the state's kickoff of the season
20 electrical conservation and efficiency programs.

21 And there was a press event held at the
22 Cal-ISO with the CEC, the CPCFA, with PG&E and
23 Edison presentations, and furthermore with
24 participation, let's say, by both SMUD and San
25 Diego Gas and Electric. And while I see noted in

1 today's press, both the CEC and the ISO have
2 indicated that their analogies have shown that we
3 have adequate electricity resources to meet normal
4 circumstances this year, there are concerns that
5 things have been typically abnormal in the past.
6 And also that there's a lot more that can be mined
7 out of the conservation and efficiency.

8 So there was a very major effort made
9 yesterday to reach out to the media and to the
10 public to remind them that this is the beginning
11 of the season of the year when we should be very
12 cautious of conservation. And the Flex-Your-Power
13 campaign, I believe, will be formally kicked off
14 later in June, I believe it's June 17th, but I
15 could be wrong on that date.

16 In any event, I just wanted to point out
17 that the Commission was represented in that event.
18 And you know, it's that time of year again when we
19 need to really repeat and repeat the conservation
20 message and to get notoriety to the efficiency
21 actions that this Commission is engaged in.

22 CHAIRMAN KEESE: Thank you. I will
23 mention at this time that our Executive Director
24 has asked that we meet immediately after this
25 meeting in the third floor conference room where

1 he will give all five Commissioners an update on
2 the energy action plan on which we've had our
3 preliminary meetings, and on which we had a
4 meeting last night in San Francisco.

5 So, at the end of this meeting we will
6 stay in open meeting on the third floor conference
7 room for that presentation.

8 Do we have anything else under
9 Commission Committee and Oversight?

10 Chief Counsel's report.

11 MR. CHAMBERLAIN: I have no report to
12 make, Mr. Chairman.

13 CHAIRMAN KEESE: Executive Director's
14 report.

15 MR. THERKELSEN: Two things,
16 Commissioners. First of all, we wrapped up budget
17 hearings last week, both in the Assembly and the
18 Senate. The Assembly and Senate both approved all
19 of our budget change proposals. They approved the
20 Governor's revised proposals which redirected some
21 of the Commission's funds to the general fund to
22 deal with the budget issue.

23 They also approved a \$200,000
24 assistance, if you will, to the climate change
25 registry using funds out of the PIER program to

1 help the climate change registry in a number of
2 activities.

3 And finally, they approved -- both
4 Houses approved a \$20 million two-year loan from
5 PIER to the general fund. That will be repaid
6 back in 2005.

7 The things that they -- one House
8 approved but the other House did not included
9 siting fees. The Senate approved siting fees; the
10 Assembly did not. The Senate also approved a \$6
11 million allocation to existing biomass projects in
12 the renewables program. They wanted to make sure
13 that the so-called orphan biomass projects had
14 some kind of program to assist them. And they're
15 going to be adding language into the -- that will
16 allow the Commission flexibility in terms of
17 moving funds around to meet that \$6 million
18 obligation.

19 COMMISSIONER BOYD: Mr. Therkelsen, I
20 don't want to protract this here, but there seems
21 to be disagreement among some folks as to whether
22 that money is for the heretofore identified orphan
23 projects or not. But we need to clear that up in
24 the future.

25 MR. THERKELSEN: And the last thing the

1 Senate approved was a \$5.7 million transfer from
2 ERPA to the general fund. That money would be
3 obtained by the Commission increasing the ERPA
4 surcharge, taking action on that in November. And
5 if that occurred, then there would be the ability,
6 if you will, to capture that 5.7 during the
7 remainder of the fiscal year 2003/2004. And then
8 at some point the Commission could readjust. as
9 appropriate, the surcharge, to what the level is.

10 Those last several items were approved
11 by the Senate, as I mentioned, but not by the
12 Assembly, so they would be taken up in conference
13 committee. Although realize this year we have an
14 open conference process. So anything could really
15 be taken up in conference committee relative to
16 the budget. We'll just have to stay tuned to see
17 what happens.

18 The other thing that I will mention is
19 we will look at the speaker system and see what's
20 going on there. We would hate to miss any of your
21 words and make sure that they're duly recorded.

22 (Laughter.)

23 MR. THERKELSEN: So we'll look into
24 that.

25 CHAIRMAN KEESE: Thank you, Mr.

1 Therkelsen.

2 COMMISSIONER BOYD: I didn't take it
3 personal, Bob.

4 (Laughter.)

5 CHAIRMAN KEESE: Public Adviser report.
6 I saw Ms. Mendonca was called out. I believe
7 there probably is none on that.

8 Public comment?

9 Seeing none, we will reconvene in the
10 third floor conference room in public session for
11 a presentation by our Executive Director. And at
12 that point this meeting will be adjourned.

13 (Whereupon, at 10:40 a.m., the business
14 meeting was adjourned.)

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CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter,
do hereby certify that I am a disinterested person
herein; that I recorded the foregoing California
Energy Commission Business Meeting; that it was
thereafter transcribed into typewriting.

I further certify that I am not of
counsel or attorney for any of the parties to said
business meeting, nor in any way interested in
outcome of said business meeting.

IN WITNESS WHEREOF, I have hereunto set
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